

# Everest Alternative Investment Trust

## February 2012 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 29 February 2012

Estimated monthly return <sup>1</sup>	2.67%
Estimated monthly return excluding FX	3.78%
NTA as at 29 February 2012 <sup>1,2</sup>	\$0.77

### Investment manager summary

Investment positions posting positive returns	23
Investment positions posting negative returns	10
Largest manager allocation	27.5%

### Fund NTA returns (net)

	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2012</b>	-1.92%	2.67% <sup>1</sup>											<b>0.70%</b>
<b>2011</b>	2.04%	-0.14%	0.14%	-4.64%	3.08%	-0.75%	-1.59%	1.77%	6.09%	-6.56%	2.63%	-2.80%	<b>-1.41%</b>
<b>2010</b>	1.18%	0.60%	1.84%	1.63%	-1.64%	-0.71%	2.03%	-0.37%	2.28%	0.49%	2.20%	-3.49%	<b>6.03%</b>
<b>2009</b>	-2.97%	0.00%	-0.44%	0.44%	1.75%	1.97% <sup>3</sup>	0.23%	1.60%	1.02%	0.04%	0.75%	1.72%	<b>6.16%</b>
<b>2008</b>	-4.18%	0.77%	-2.29%	1.04%	1.80%	-2.15%	-1.58%	-2.14%	-9.84%	-15.15%	-8.57%	-7.81%	<b>-41.02%</b>
<b>2007</b>	2.60%	-0.13%	2.33%	2.51%	-4.89% <sup>4</sup>	0.65%	0.00%	-3.44%	1.27%	3.27%	-1.70%	0.74%	<b>2.90%</b>
<b>2006</b>	4.15%	-0.21%	2.63%	2.01%	-3.94%	0.32%	-2.40%	1.72%	1.69%	2.85%	3.70%	2.67%	<b>15.92%</b>
<b>2005</b>	-	-	-	-3.60%	1.00%	2.71%	4.80%	0.23%	3.20%	-3.76%	2.76%	2.46%	<b>9.83%</b>

- 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 continued their 2012 winning streak as equities, credit and commodities posted strong gains in February. The S&P 500 Index and the MSCI World Index rallied 4.3% and 4.7% respectively.

Despite lingering concerns about the turmoil in Europe and a hard landing in China, global markets managed to continue their impressive start to the year (notably, the S&P is experiencing its best start in over 20 years). Many equity markets are already up nearly 10% with emerging market ("EM") equities leading the way. For historical context, this is the strongest start for EM equities since 1992 (interestingly, equities that year finished below February levels). This optimism was largely driven by positive US economic data and the renewed commitment by the Federal Reserve to keep interest rates at record-lows through to 2014. Fourth quarter US GDP was revised upwards from 2.8% to 3.0% while January's unemployment rate ticked down to 8.3%, and initial jobless claims fell to a four year low. In Europe, Greece remained the cardinal focus as policymakers delayed finalising terms for an EU-led bailout until the eleventh hour. In addition to averting a Greek Sovereign default, the European Central Bank sought to stabilise markets further by injecting another dose of liquidity into the financial system via €529.5 billion in three-year loans to the regions banks.

Notwithstanding the rise in assets prices over the past several quarters, it is important to note that many of the same risks that threatened to derail the global economic recovery in 2011, namely

rising oil prices, tensions in the Middle East, and a persistently over levered European financial system, still remain.

### Performance Commentary

The Everest Alternative Investment Trust (EAIT) was up 2.7% for the month (net of all fees and expenses). The underlying portfolio was up 3.6% in USD terms however, the rally in the Australian dollar (from 1.061 to 1.073) detracted from performance. This compares to monthly returns for the S&P 500 Index of 3.3% (in AUD terms) and the S&P/ASX 200 Accumulation Index of 1.9%.

The Funds positive performance can be primarily attributed to its largest exposure, concentrated equities manager ESL (approximately 23.7% of the fund). The long only equity manager benefited from the broad based market rally and was up 13.9% for the month. The funds two largest positions, Sears and Autozone, performed well and rallied an impressive 65.3% and 7.8% respectively. Overall, ESL contributed 3.1% to the total fund performance.

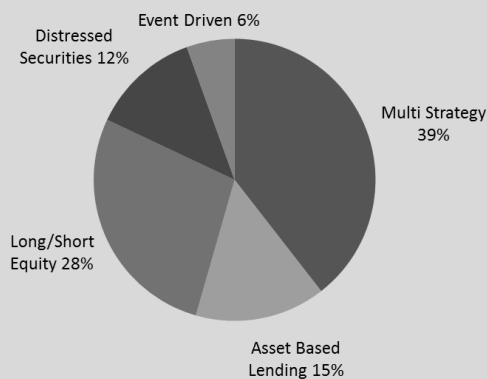
Our credit and distressed securities managers had a somewhat mixed month with the fund's third largest exposure, the Drawbridge Special Opportunities Fund 2008 RCA, down 1.7%, detracting 0.1% from the total portfolio performance.

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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.

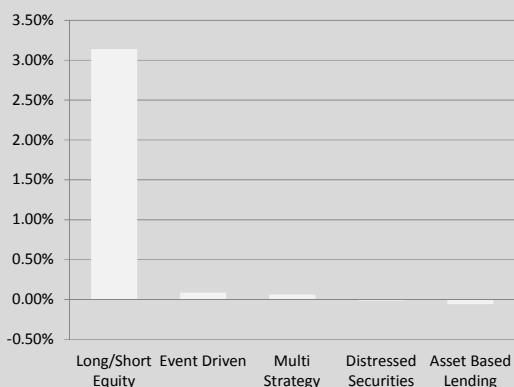
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

### By Investment Manager (top eight managers)

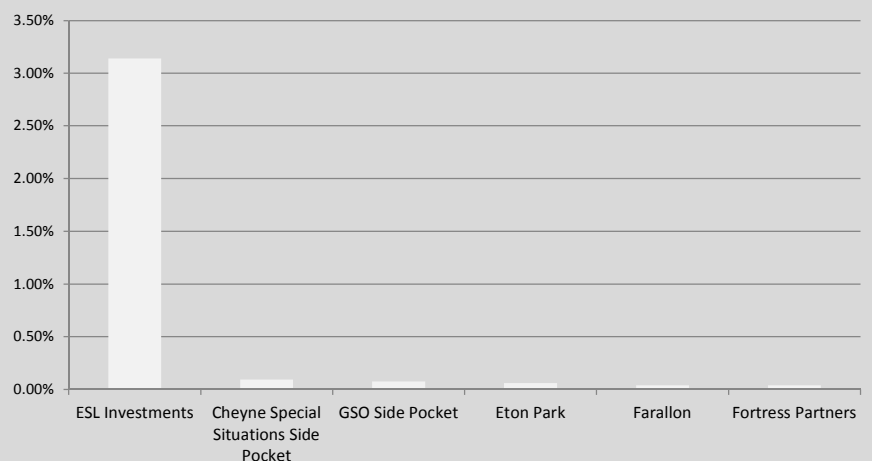
Fund	Strategy	Weight
ESL Investments	Long Biased Equity	27.5%
Drawbridge Special Opportunities Fund	Asset Based Lending	15.0%
TPG Axon	Multi Strategy	9.5%
Eton Park	Multi Strategy	6.8%
GSO	Multi Strategy	4.6%
Silverpoint	Distressed Securities	4.1%
OZ Global Special Situations Fund	Multi Strategy	4.1%
Cerberus	Distressed Securities	4.0%
<b>Total</b>		<b>75.6%</b>

## Monthly Performance Contribution

### By Strategy (excluding cash)



### By Investment Manager (top six contributors, excluding cash)



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