

Everest Alternative Investment Trust

February 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 28 February 2013

Estimated monthly return ¹	0.00%
Estimated monthly return excluding FX	(2.04)%
NTA as at 28 February 2013 ^{1,2}	\$0.54

Investment manager summary

Investment positions posting positive returns	13
Investment positions posting negative returns	12
Largest manager allocation	24.1%

Fund NTA returns (net)

	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2013	1.89%	0.00% ¹											1.89%
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

After a strong start to the year, global equity markets experienced increased volatility in February due to renewed macro and fiscal concerns. The S&P 500 Index and the MSCI World Index gained 1.4% and 1.3% respectively. High yield bond markets also continued to extend their streak of strong performance as the Merrill Lynch High Yield Index gained 0.5%.

With certain fiscal milestones now in the past, investors focused on the February Fed meeting which highlighted the hazards of fiscal instability and the potential for excessive risk-taking stemming from a prolonged low-interest rate environment. The Fed also clarified earlier statements to abate concerns that current easing policies may soon slow or come to an end. In particular, they noted that while the job market is steadily improving they desire to see unemployment below 6.5% before removing any stimulus. The markets reacted favourably to these announcements and despite the fact that near term GDP growth expectations in the US remain modest, the outlook for the 2nd half of 2013 appears to be improving.

News from Europe was a bit bleaker as the unstable environment in Italy resurfaced and the Euro area economies contracted. However, it appears that the Euro-Zone has now moved from a “deterioration phase” into a “stabilization/restructuring phase”, where banks, sovereign spreads, and assets are stabilising. The ECB has injected significant amounts of liquidity into its banks and provided support for government financing, which in effect has removed the tail risk and produced a more normalized investment environment.

Performance Commentary

The Everest Alternative Investment Trust was flat for the month of February (net of all fees and expenses). The underlying portfolio was down 1.1% in USD terms and the depreciation in the Australian dollar (from 1.043 to 1.021) contributed 2.0% to the total Fund performance. This compares to monthly returns for the S&P 500 Index of 3.4% (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 difficult month despite the positive market environment. ESL SPE I and ESL SPE II, which hold positions in Sears and Automation respectively, both experienced losses. For the month SPE I was down 1.6% while SPE II was up 7.6%. In aggregate, ESL detracted 0.7% from the total Fund return.

Our credit and distressed securities managers had a mixed month. The Fund's second largest exposure, the Drawbridge Special Opportunities Fund 2008 RCA was marginally down by 0.5%. In contrast Cerberus performed well and was up 3.4%, adding 0.2% to the total Fund return.

Fund Update

Please note that a capital return of 6.6 cents per unit was paid to unitholders on Wednesday 20 March 2013.

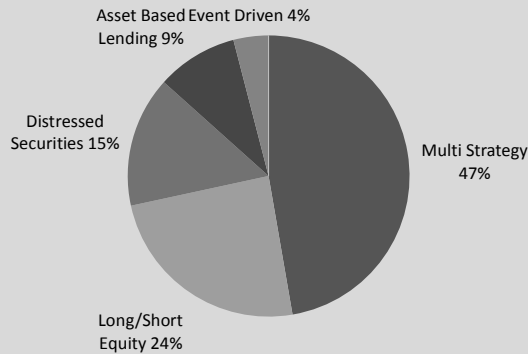
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Exposure Summary

By Strategy (excluding cash)



Based on the gross value of the Investment Portfolio. Exposure numbers may not total exactly due to rounding.

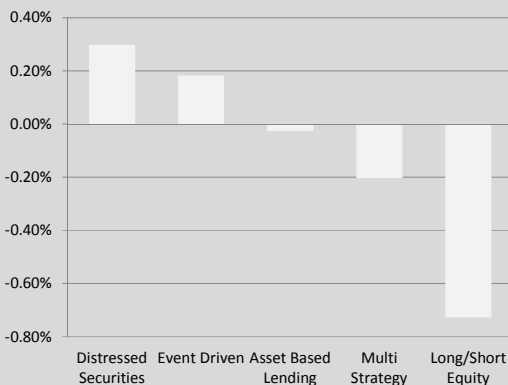
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

By Investment Manager (top eight managers)

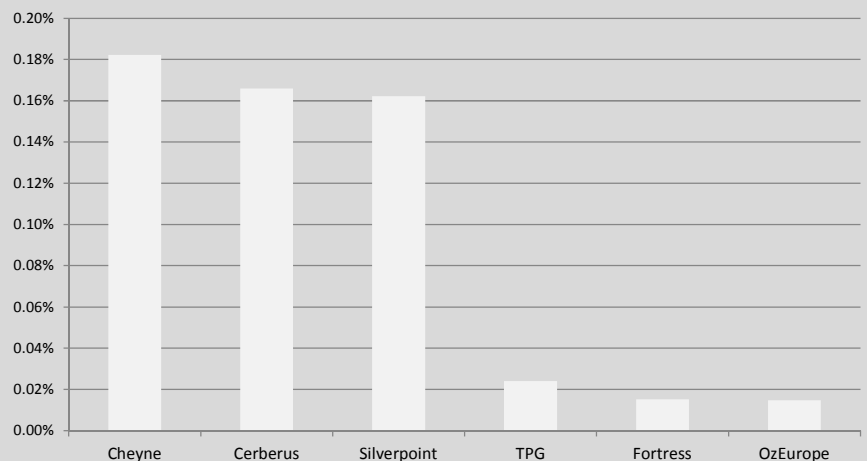
Fund	Strategy	Weight
ESL Investments	Long Biased Equity	24.1%
Drawbridge Special Opportunities Fund	Asset Based Lending	9.3%
TPG Axon	Multi Strategy	9.1%
Eton Park	Multi Strategy	6.9%
Cerberus	Distressed Securities	6.7%
OZ Global Special Situations Fund	Multi Strategy	6.0%
Fortress Partners	Multi Strategy	5.5%
Everest Absolute Return Fund	Multi Strategy	5.0%
Total		72.6%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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