

# Everest Alternative Investment Trust

## January 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 31 January 2012

|  |        |
|--|--------|
| Estimated monthly return <sup>1</sup>      | -1.92% |
| Estimated monthly return excluding FX      | 2.06%  |
| NTA as at 31 January 2012 <sup>1,2,5</sup> | \$1.02 |

### Investment manager summary

|   |       |
|---|-------|
| Investment positions posting positive returns | 18    |
| Investment positions posting negative returns | 15    |
| Largest manager allocation                    | 24.1% |

### Fund NTA returns (net)

|             | Jan                 | Feb    | Mar    | April  | May                 | Jun                | Jul    | Aug    | Sep    | Oct     | Nov    | Dec    | Year           |
|-------------|---------------------|--------|--------|--------|---------------------|--------------------|--------|--------|--------|---------|--------|--------|----------------|
| <b>2012</b> | -1.92% <sup>1</sup> |        |        |        |                     |                    |        |        |        |         |        |        | <b>-1.92%</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%.

5 Capital return of 26.7 cents per unit paid on 22 February 2012 not reflected in the NTA.

### Market Commentary

2011's year-end momentum continued into January, with global equity and credit markets posting impressive gains. On January 25th, the S&P 500 Index rose to its highest level since last July after Fed Chairman Ben Bernanke renewed his commitment to record-low interest rates through 2014 (versus prior guidance of mid-2013), and indicated that another asset-purchasing program could be on the horizon. The S&P 500 Index and the MSCI World Index finished the month up 4.5% and 4.9% respectively. The Merrill Lynch High Yield Index also rallied, up 2.9% as investors continued their search for yield.

Sovereign issues in Europe remained the key risk facing markets, but the impact of the substantial liquidity provided by the ECB's Long Term Refinancing Operation (LTRO) coupled with strong economic data formed a foundation of investor optimism. The ECB's move to provide banks with unlimited LTRO funding for up to three years at 1% was viewed by many as a European form of quantitative easing and a material step forward in reducing the tail risk associated with the excessive debt burden within the EU. Banks were receptive and took on €489 billion in December 2011 alone to ease financing requirements. This led to a significant increase in risk tolerance, evidenced by the declining sovereign CDS levels for key European countries from January highs (Italy, Ireland and Belgium declined roughly 100 bps by month-end while Spain and France declined roughly 70 bps).

The updraft in asset prices was also aided by strong economic data. In particular the US reported robust real GDP growth of 2.8% (annualised) for the fourth quarter of 2011 and released some

impressive employment data (the reported US unemployment rate fell to 8.3%, the lowest level in three years).

### Performance Commentary

The Everest Alternative Investment Trust was down 1.9% for the month (net of all fees and expenses). The underlying portfolio was up 1.8% in USD terms however, the strong rally in the Australian dollar (from 1.021 to 1.062) detracted 4.0% from performance. This compares to monthly returns for the S&P 500 Index of 0.5% (in AUD terms) and the S&P/ASX 200 Accumulation Index of 5.1%.

Our equity investment managers benefited from the "risk-on" environment during January as portfolio longs participated in the broad based market rally. Concentrated equities manager ESL performed particularly well and finished the month up 8.5%. The performance was primarily driven by the Funds second largest position, Sears (~25% of the ESL portfolio), which rallied an impressive 65.3% for January. Autozone Inc, the Funds largest position (~28% of the ESL portfolio), was also strong and finished the month up 7.8%. Our credit and distressed securities managers had a somewhat mixed month with the fund's second largest exposure, the Drawbridge Special Opportunities Fund 2008 RCA, down 11.6%, detracting 0.6% from the total portfolio performance.

### Fund Update

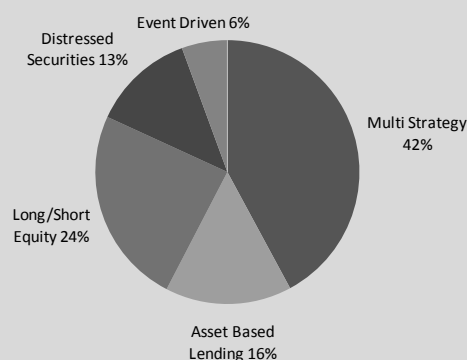
We made a capital return of 26.7 cents per unit on 22 February 2012 and confirmations of the amount paid were mailed from the registry on this date.

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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.

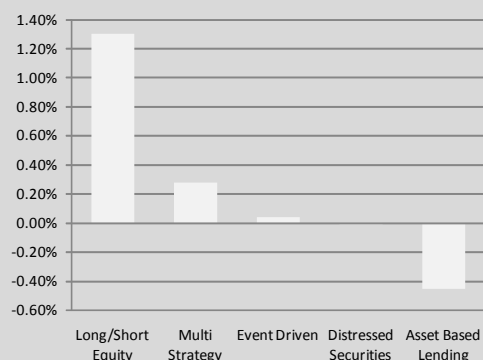
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

### By Investment Manager (top eight managers)

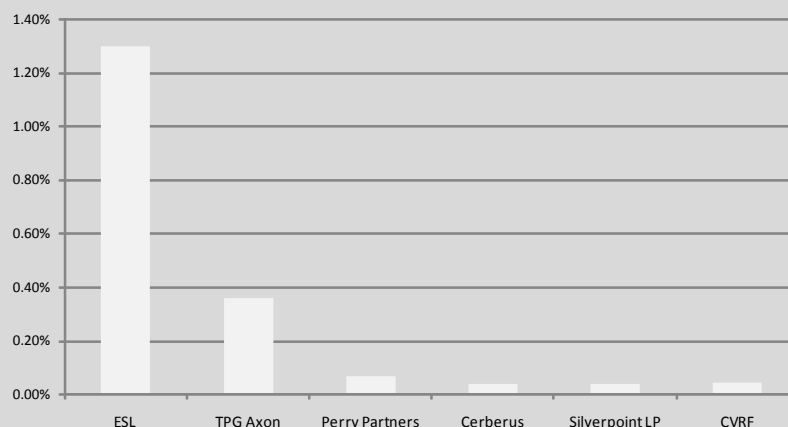
| Fund                                  | Strategy              | Weight       |
|---------------------------------------|-----------------------|--------------|
| ESL Investments                       | Long Biased Equity    | 24.1%        |
| Drawbridge Special Opportunities Fund | Asset Based Lending   | 15.5%        |
| TPG Axon                              | Multi Strategy        | 9.5%         |
| Eton Park                             | Multi Strategy        | 6.7%         |
| Everest Absolute Return Fund          | Multi Strategy        | 5.8%         |
| GSO                                   | Multi Strategy        | 4.8%         |
| Cerberus                              | Distressed Securities | 4.2%         |
| OZ Global Special Situations Fund     | Multi Strategy        | 4.2%         |
| <b>Total</b>                          |                       | <b>74.8%</b> |

## Monthly Performance Contribution

### By Strategy (excluding cash)



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



### Contact us

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