

Everest Alternative Investment Trust

July 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 July 2012

Estimated monthly return ¹	-2.50%
Estimated monthly return excluding FX	0.04%
NTA as at 31 July 2012 ^{1,2}	\$0.78

Investment manager summary

Investment positions posting positive returns	18
Investment positions posting negative returns	14
Largest manager allocation	16.9%

Fund NTA returns (net)

	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012	-1.92%	2.67%	2.60%	0.00%	5.06%	-3.61%	-2.50% ¹						2.01%
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

During July investors appeared more focused on activity within central banks than the capital markets. Equities declined for most of the month only to reverse course after European leaders signalled efforts to address the ongoing financial and sovereign crisis. The S&P 500 Index and the MSCI World Index gained 1.4% and 1.2% respectively.

Rumours circulated throughout the month as investors pinned their hopes on potential announcements from European Central Bank (ECB) President Draghi and Federal Reserve Chairman Bernanke. The hope was for actionable plans, however the result was simply promises from both. Draghi's strong pledge to do "whatever it takes to preserve the euro" was enough to counter spiking yields for Spanish and Italian sovereign bonds. The market interpreted his statements as an indication that he was clearly supportive of more aggressive measures to reign in the borrowing costs of troubled European sovereigns. That is, that the ECB would consider purchasing undefined amounts of sovereign debt in order to resolve the current crisis.

Bernanke's commentary was more nuanced, likely the result of mixed economic indicators. However, investors took the view that the Federal Reserve remains open to the possibility of further quantitative easing until there is evidence of a material improvement in the US unemployment situation.

Performance Commentary

The Everest Alternative Investment Trust was down 2.5% for the month (net of all fees and expenses). The underlying portfolio was down 0.6% in USD terms, however the appreciation in the Australian dollar (from 0.1.023 to 1.050) detracted 2.6% from performance. This compares to monthly returns for the S&P 500 Index of (1.1)% (in AUD terms) and the S&P/ASX 200 Accumulation Index of 4.3%.

The Fund's second largest exposure, by investment manager, is the holding of two special purpose entities known as ESL SPE I and ESL SPE II. These are the holdings that EAIT owns as a result of our participation in ESL's June 2012 alternative redemption offer. SPE 1 contains a holding in Sears and SPE II contains a holding in Autonation, while the remaining exposure to the Fund has been redeemed. Sears saw a sharp 17% decline over the month, whilst AutoNation increased by 11.8%.

Our credit and distressed securities managers finished slightly higher in July, with the Fund's largest exposure, the Drawbridge Special Opportunities Fund 2008 RCA, contributing 0.2% to the total Fund return.

Fund Update

Please note that a capital return of 25.54 cents per unit and a distribution of 0.06 cents per unit were paid to unitholders on Friday 14 September 2012.

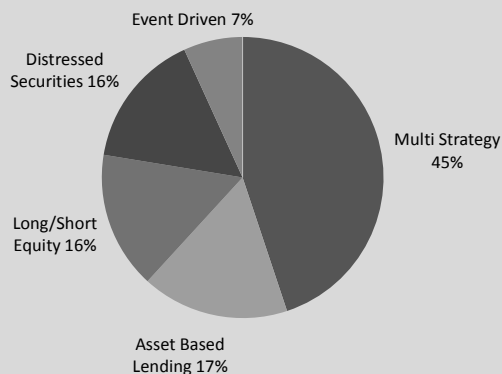
Tax statements for the year ending 30 June 2012 will be sent to unitholders during the last week of September.

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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)

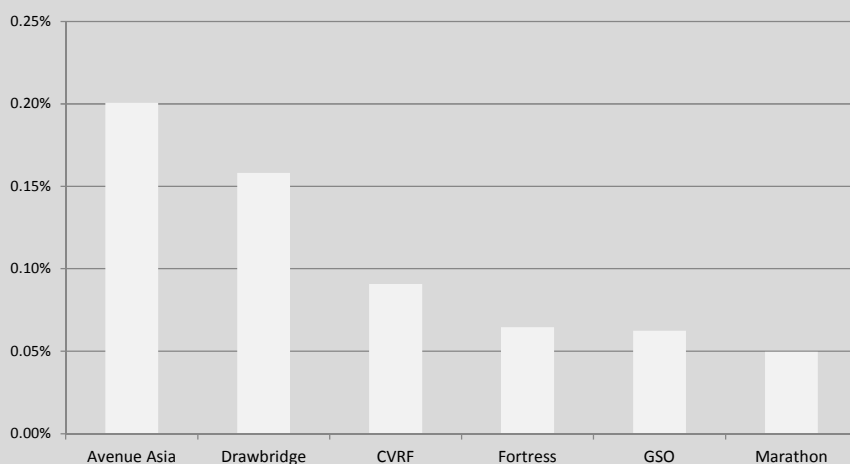
Fund	Strategy	Weight
Drawbridge Special Opportunities Fund	Asset Based Lending	16.9%
ESL Investments	Long Biased Equity	15.7%
TPG Axon	Multi Strategy	8.5%
GSO	Multi Strategy	6.1%
Eton Park	Multi Strategy	6.0%
Cerberus	Distressed Securities	5.4%
OZ Global Special Situations Fund	Multi Strategy	5.4%
Perry	Event Driven	4.7%
Total		68.7%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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