

# Everest Alternative Investment Trust

## May 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 May 2012

|                                       |        |
|---------------------------------------|--------|
| Estimated monthly return <sup>1</sup> | 5.06%  |
| Estimated monthly return excluding FX | -1.92% |
| NTA as at 31 May 2012 <sup>1,2</sup>  | \$0.83 |

### Investment manager summary

|   |       |
|---|-------|
| Investment positions posting positive returns | 15    |
| Investment positions posting negative returns | 17    |
| Largest manager allocation                    | 27.4% |

### Fund NTA returns (net)

|             | Jan    | Feb    | Mar    | April  | May                 | Jun                | Jul    | Aug    | Sep    | Oct     | Nov    | Dec    | Year           |
|-------------|--------|--------|--------|--------|---------------------|--------------------|--------|--------|--------|---------|--------|--------|----------------|
| <b>2012</b> | -1.92% | 2.67%  | 2.60%  | 0.00%  | 5.06% <sup>1</sup>  |                    |        |        |        |         |        |        | <b>8.54%</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

Investor sentiment continued to weaken in May as concern over the future of the Eurozone intensified and the pace of US economic growth slowed. A “risk-off” mentality returned to markets and risk assets such as commodities fell sharply. The S&P 500 Index finished 6.0% lower (its largest monthly loss since September 2011) and the MSCI World Index finished 9.0% lower.

US economic indicators continued to reflect growth, however expectations have been lowered for the remainder of 2012. Weakening US economic data and recent Fed commentary has led to increased speculation about the possibility of a third round of quantitative easing if employment statistics do not improve.

In Europe, sovereign debt concerns continued to increase and yields maintained their upward trend throughout the month. Investor fears regarding the solvency of Spain’s banking system also remained prevalent with the country’s debt-to-GDP ratio now expected to reach 89% by the end of 2012 (this ratio stood at 69% in 2011). Additionally, Spain is facing major bond maturities at the end of July and October which it will be required to fund.

Outside the US and Eurozone, declining economic forecasts also prompted 28 countries to lower interest rates this year, including Australia, Israel, Denmark and Norway in the developed markets and Brazil, India and China in the emerging markets.

### Performance Commentary

The Everest Alternative Investment Trust was up 5.1% for the month (net of all fees and expenses). The underlying portfolio was down 1.4% in USD terms, and the depreciation in the Australian dollar (from 1.042 to 0.973) contributed 7.1% to performance. This compares to monthly returns for the S&P 500 Index of 0.7% (in AUD terms) and the S&P/ASX 200 Accumulation Index of (6.6)%.

The Fund’s largest position, concentrated equities manager ESL, returned (2.3)% for the month of May. This negative performance was a combination of 3 of ESL’s 4 largest holdings, Sears, GAP and AutoZone which all declined considerably over the month. In contrast, the Fund’s 2<sup>nd</sup> largest position, AutoNation, performed well, returning 4.2% for May.

Our credit and distressed securities managers performed slightly better than the markets in May, the Fund’s second largest exposure, the Drawbridge Special Opportunities Fund 2008 RCA (c.6% of EAIT), down 0.4%.

### Fund Update

Please note that we intend to make a distribution during the third quarter of 2012. We will update unitholders on quantum and timing in due course.

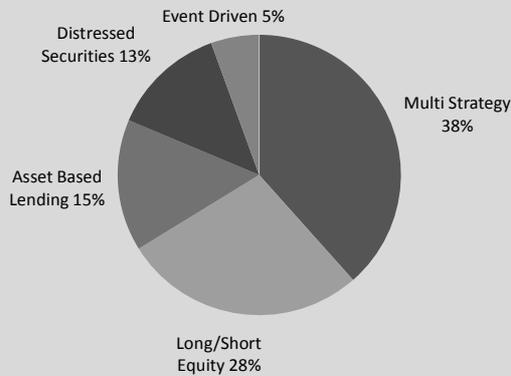
Tax statements for the year ending 30 June 2012 will be sent to unitholders towards the end of the third quarter of 2012.

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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)

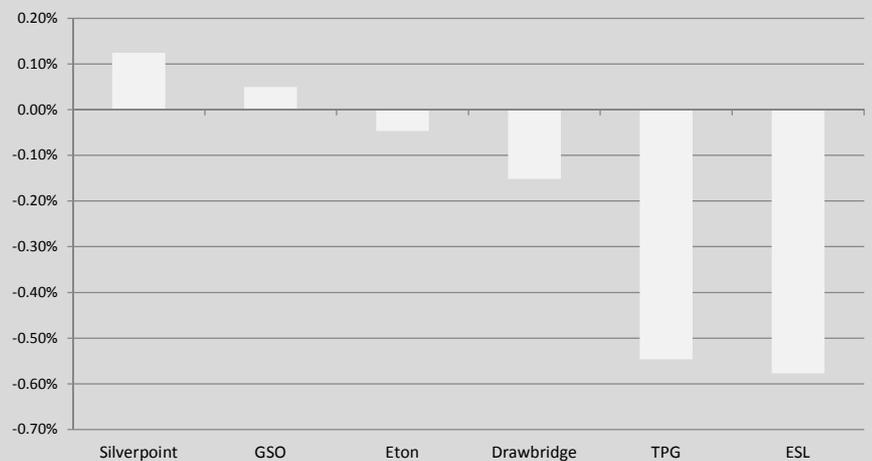
| Fund                                  | Strategy              | Weight       |
|---------------------------------------|-----------------------|--------------|
| ESL Investments                       | Long Biased Equity    | 27.4%        |
| Drawbridge Special Opportunities Fund | Asset Based Lending   | 15.3%        |
| TPG Axon                              | Multi Strategy        | 9.3%         |
| Eton Park                             | Multi Strategy        | 4.9%         |
| GSO                                   | Multi Strategy        | 4.9%         |
| Silverpoint                           | Distressed Securities | 4.7%         |
| Cerberus                              | Distressed Securities | 4.3%         |
| OZ Global Special Situations Fund     | Multi Strategy        | 4.3%         |
| <b>Total</b>                          |                       | <b>75.1%</b> |

## Monthly Performance Contribution

### By Strategy (excluding cash)



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



### Contact us

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