

Everest Alternative Investment Trust

October 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 October 2012

Estimated monthly return ¹	1.85%
Estimated monthly return excluding FX	1.81%
NTA as at 31 October 2012 ^{1,2}	\$0.55

Investment manager summary

Investment positions posting positive returns	18
Investment positions posting negative returns	14
Largest manager allocation	20.4%

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%	1.28%	1.89%	1.85% ¹			7.22%
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

Equity markets fell in October as earnings disappointed and the looming US fiscal cliff started to weigh on risk appetite. The S&P 500 Index and the MSCI World Index declined 1.8% and 0.8% respectively. In contrast, credit remained firm with the Merrill Lynch High Yield Index returning 0.8% for the month.

Despite weaker than expected earnings, US economic data continued to improve. Third quarter US GDP grew at a better than expected rate of 2.0% and US housing showed further signs of improvement. However, the outlook for the US economy remains uncertain as the fate of the markets once again seems to be in the hands of politicians. With the US presidential elections now over, investors have turned their focus to the US fiscal cliff and the possibility of gridlock over key economic issues. Many are hoping to receive long awaited clarity in the near term in relation to plans for spending programs, tax cut extensions and economic policy.

In Europe, financial conditions continued to deteriorate as Standard & Poors downgraded Spain's credit rating to BBB- (i.e. just above junk status). Interestingly, sovereign bond yields for the European periphery generally fell over the month, suggesting that investors were not that concerned about the downgrade.

Performance Commentary

The Everest Alternative Investment Trust was up 1.9% for the month (net of all fees and expenses). The underlying portfolio was up 1.9% in USD terms and the Fund was unaffected by the Australian dollar, which remained virtually unchanged for the month. This compares to monthly returns for the S&P 500 Index of (1.8)% (in AUD terms) and the S&P/ASX 200 Accumulation Index of 3.0%.

The Fund's largest exposure, long only equities manager ESL, performed well despite the difficult market conditions. ESL SPE I and ESL SPE II, which hold positions in Sears and Automation respectively, both saw gains with SPE I up 18.9% and SPE II gaining 0.4% over the month. In aggregate, ESL contributed 2.1% to the total Fund return.

Our credit and distressed securities managers were slightly negative for the month, with the Fund's second largest exposure, the Drawbridge Special Opportunities Fund 2008 RCA down 0.5%, detracting 0.04% from the total Fund return.

Fund Update

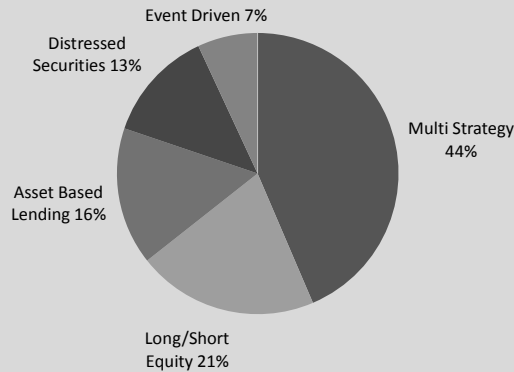
Please note that periodic statements for the period ending 30 June 2012 were mailed to unitholders on Monday 17 December 2012.

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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	20.4%
Drawbridge Special Opportunities Fund	Asset Based Lending	15.6%
TPG Axon	Multi Strategy	8.1%
GSO	Multi Strategy	6.5%
Eton Park	Multi Strategy	5.6%
Cerberus	Distressed Securities	5.5%
OZ Global Special Situations Fund	Multi Strategy	5.5%
Perry	Event Driven	5.0%
Total		72.2%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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