

Everest Alternative Investment Trust

August 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 August 2012

Estimated monthly return ¹	1.28%
Estimated monthly return excluding FX	-0.45%
NTA as at 31 August 2012 ^{1,2}	\$0.79

Investment manager summary

Investment positions posting positive returns	19
Investment positions posting negative returns	13
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%	1.28% ¹					3.32%
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 August equity markets rallied, continuing the strong performance since June. While concern remains around global growth, the expectations of further quantitative easing (which was later announced mid-September) proved a more dominant influence on the markets. The S&P 500 Index and the MSCI World Index both gained 2.3%.

At the end of July, European Central Bank (ECB) President Draghi assured the markets he would do “whatever it takes to preserve the euro”. The ECB’s plan aims to cut the borrowing costs of the debt burdened Eurozone members by buying an unlimited amount of sovereign debt with a term of up to three years, subject to countries agreeing to satisfy a number of conditions, including budget cuts and economic reform.

In the US, investors remained optimistic that further stimulus would be provided by the Federal Reserve (which proved to be correct in September). In addition, data from the housing sector, including home sales and building permits, supported the recovery trend in US housing.

Aside from the Eurozone and US, China continued to disappoint investors with concerns their GDP growth continues to drag and that they could miss their economic growth targets amongst the political leadership transition in October.

Performance Commentary

The Everest Alternative Investment Trust was up 1.3% for the month (net of all fees and expenses). The underlying portfolio was up 0.8% in USD terms, and the depreciation in the Australian dollar (from 1.050 to 1.032) contributed 1.7% to performance. This compares to monthly returns for the S&P 500 Index of 4.0% (in AUD terms) and the S&P/ASX 200 Accumulation Index of 2.1%.

The Fund’s largest exposure by investment manager, ESL, performed well for the month. ESL SPE I and ESL SPE II, which hold positions in Sears and Autonation respectively, both saw gains with SPE I up 5.8% and SPE II gaining 1.8% over the month. Combined, ESL contributed 0.5% to the fund return.

Our credit and distressed securities managers also finished higher in August, with the Fund’s second largest exposure, the Drawbridge Special Opportunities Fund 2008 RCA gaining 3.6% for the month, 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. The capital return will be reflected in the September NTA.

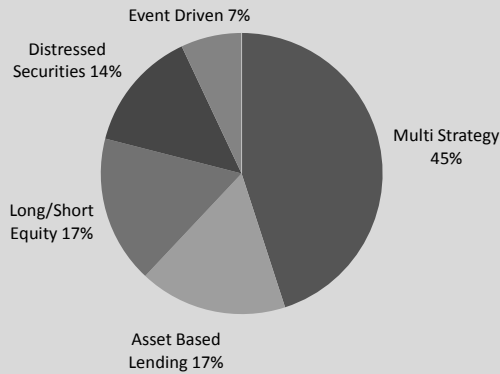
Tax statements for the year ending 30 June 2012 were mailed to unitholders on 27 September 2012.

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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)

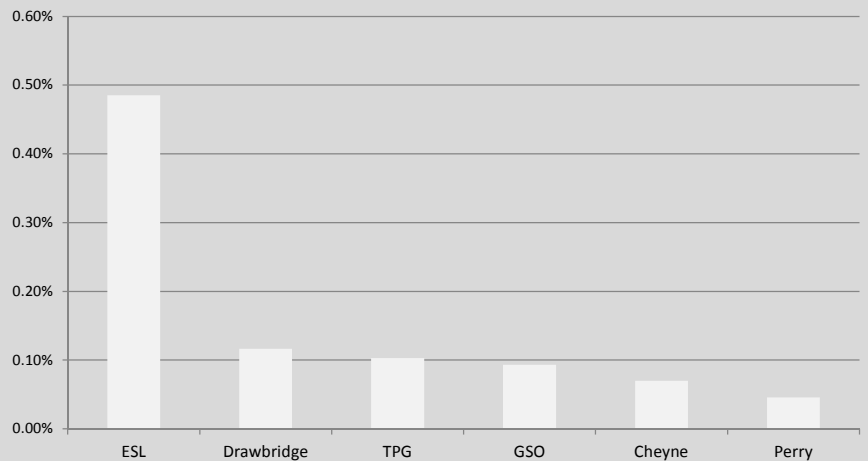
Fund	Strategy	Weight
ESL Investments	Long Biased Equity	16.9%
Drawbridge Special Opportunities Fund	Asset Based Lending	16.6%
TPG Axon	Multi Strategy	7.9%
GSO	Multi Strategy	6.4%
Eton Park	Multi Strategy	6.2%
Cerberus	Distressed Securities	5.6%
OZ Global Special Situations Fund	Multi Strategy	5.5%
Perry	Event Driven	4.9%
Total		70.0%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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