

Everest Alternative Investment Trust

September 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 30 September 2012

Estimated monthly return ¹	1.89%
Estimated monthly return excluding FX	2.45%
NTA as at 30 September 2012 ^{1,2}	\$0.54

Investment manager summary

Investment positions posting positive returns	26
Investment positions posting negative returns	6
Largest manager allocation	18.4%

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				5.27%
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

Global markets continued their march higher during September with riskier assets continuing to outperform. The S&P 500 Index and the MSCI World Index advanced 2.4% and 2.5% respectively.

Market conditions were characterised by early rallies, prompted by quantitative easing (QE) signals from the European Central Bank (ECB) and the U.S. Federal Reserve, that faded by month end as certain economic indicators weakened. The risk rally began with an important ECB announcement to effectively eliminate near-term tail risk of a Euro-Zone banking collapse by purchasing unlimited (but not unconditional) amounts of European sovereign debt. This was followed by the Fed extending indefinitely its purchase of US Treasuries and announcing plans to purchase roughly \$40 billion of mortgage-backed securities every month.

Even in light of the continual deterioration of the economic backdrop these actions by central banks proved enough to support equity markets (at least in the short term). Notably, unemployment rates in the Euro-Zone hit a 20+ year record high of 11.3% as many countries are now officially in recession. Furthermore, 20% of European high-yield corporate bonds trade at distressed levels, showing that little concrete progress has been finalised to solve the underlying fundamental crisis. The weakness was not limited to Euro-Zone, with China's manufacturing index contracting for the 11th straight month, increasing pressure on the government to boost growth in the world's 2nd largest economy.

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 2.5% in USD terms, and the appreciation in the Australian dollar (from 1.032 to 1.038) detracted 0.6% to performance. This compares to monthly returns for the S&P 500 Index of 2.9% (in AUD terms) and the S&P/ASX 200 Accumulation Index of 2.2%.

The Fund's largest exposure, long only equities manager ESL, benefited from the broad based rally over September. ESL SPE I and ESL SPE II, which hold positions in Sears and Autonation respectively, both saw gains with SPE I up 9.6% and SPE II gaining 5.4% over the month. Combined, ESL contributed 1.3% to the fund return.

Our credit and distressed securities managers had a more difficult month, with the Fund's second largest exposure, the Drawbridge Special Opportunities Fund 2008 RCA down 2.4% for the month, detracting 0.2% from 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.

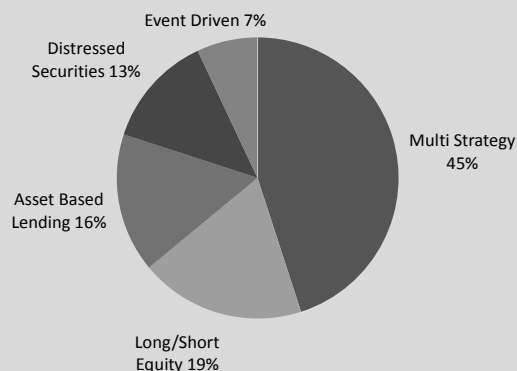
Tax statements for the year ending 30 June 2012 were mailed to unitholders on 27 September 2012.

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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.

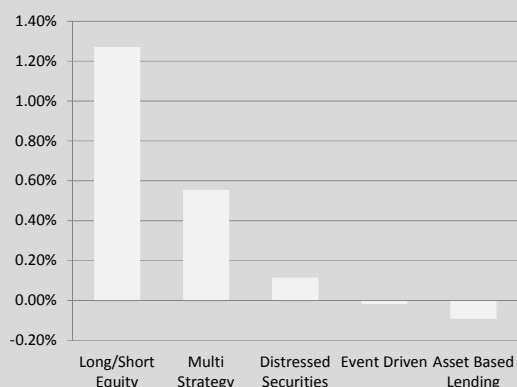
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

By Investment Manager (top eight managers)

Fund	Strategy	Weight
ESL Investments	Long Biased Equity	18.4%
Drawbridge Special Opportunities Fund	Asset Based Lending	15.7%
TPG Axon	Multi Strategy	8.2%
GSO	Multi Strategy	6.5%
Cerberus	Distressed Securities	5.8%
Eton Park	Multi Strategy	5.7%
OZ Global Special Situations Fund	Multi Strategy	5.5%
Perry	Event Driven	5.0%
Total		70.8%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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