



Everest Alternative Investment Trust

June 2010 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 June 2010

Estimated monthly return ¹	-0.71%
NTA as at 30 June 2010 ^{1,2}	\$2.24

Investment manager summary

Investment managers posting positive returns	3
Investment managers posting negative returns	32
Largest manager allocation	18.1%
Smallest manager allocation	0.1% ³

Fund NTA returns (net)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	1.18%	0.60%	1.84%	1.68%	-1.55%	-0.71%							3.03%
2009¹	-2.97% ⁴	0.00%	-0.44%	0.44%	1.75%	1.97% ⁵	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% ⁶	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 (AGAAP), as applied before the introduction of AEIFRS, have been used).
- 3 Residual allocation following a redemption.
- 4 On 29 January 2009, the EBI portfolio was split proportionately between EAIT and EBI; accordingly historical performance figures before that date are for EBI.
- 5 Following the announcement of our 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.
- 6 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

The high volatility in global asset prices witnessed in May continued during June. Much of this volatility can be attributed to the continued negative sentiment over Europe's sovereign credit risk and continued doubts over the sustainability of global economic growth. As a result, most equity markets finished the month down, the S&P 500 Index lost 5.4%, the UK's FT 100 Index fell by a similar magnitude while Japan's Nikkei Index was down by 3.9%. The ASX 200 was also down for the month returning -2.6%. Fixed income markets however performed well as US Treasury yields approached record lows of 0.6% on the two-year and under 3.0% on the ten-year. High yield bonds outperformed equities, supported by higher coupons. In commodity markets, the price of oil and most key industrial metals have risen over the last month or so, but are still well down on their recent peaks.

Credit spreads continued to increase in June, although at a much lower rate than in May. In general terms riskier assets underperformed, with BB-rated loans and bonds outperforming those rated CCC by 90 bps and 70 bps in June, respectively. Reinforcing the continued market concerns around the sustainability of economic growth, the number of speculative-grade companies worldwide with spreads of at least 10% over government bonds climbed to 399 companies this month, or 16.7% of the total issuance, the highest number of companies since December 2009 (Bank of America Merrill Lynch index data). The ratio compares with 9.2% in April 2010, which was the lowest since November 2007.

Performance Commentary

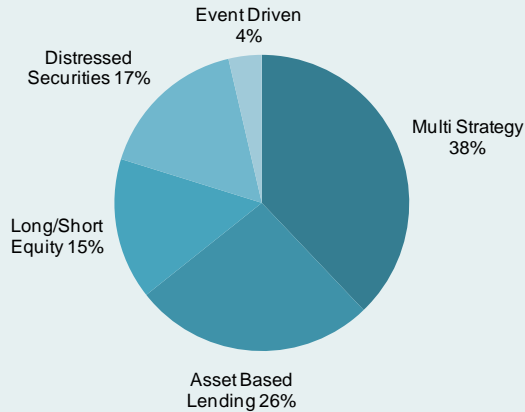
EAIT's estimated performance for the month was -0.71%, bringing its 2010 year to date return to +3.0% (versus S&P 500 -7.6%, and the ASX 200 (accumulation index) -9.9%.) and EAIT's rolling 12 month return to +8.67%.

The sharp sell-off in US equities once again weighed on the performance of a number of the Fund's active investment managers. ESL, the Fund's third largest investment had another difficult month, down 8.7% on the back of a 9.7% loss in May. This contributed approximately -0.8% to the Fund's overall result. ESL's concentrated portfolio has now given back most of its gains for 2010, and is now up 1.1% for the year. Its largest holding, Sears, fell a further 27% in June and ended the month 48% off its 29 April 2010 close.

Investors will shortly receive a notice of meeting providing further information including a proposed unitholder vote on the previously announced transition of responsible entity duties to One Investment Group.

Exposure Summary

By Strategy (excluding cash)



Based on the gross value of the Investment Portfolio. Exposure numbers may not total exactly due to rounding. Does not include impact of FX, interest rate or equity hedges.

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 seven managers)

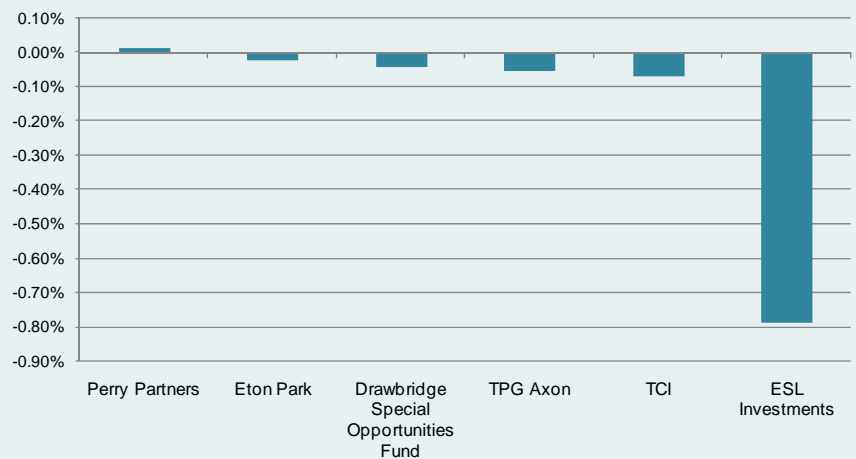
Fund	Strategy	Weight
Drawbridge Special Opportunities Fund	Asset Based Lending	18.1%
TPG Axon	Multi Strategy	10.1%
ESL Investments	Long Biased Equity	7.6%
Marathon Special Opportunities Fund	Distressed Securities	6.8%
Eton Park	Multi Strategy	3.4%
Och Ziff Overseas Fund	Multi Strategy	3.3%
TCI	Long/Short Equity	2.8%
Total		52.1%

Monthly Performance Contribution

By Strategy



By Investment Manager (top six contributors)



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