Everest Alternative Investment Trust
May 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 31 May 2010

Estimated monthly return[1]	-1.55%
NTA as at 31 May 2010[1,2]	$2.25

Investment manager summary

Investment managers posting positive returns	2
Investment managers posting negative returns	33
Largest manager allocation	17.1%
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%								**3.77%**
2009[1]	-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 month of May saw the most significant market uncertainty since the height of the global financial crisis. Volatility as measured by the VIX Index rose to levels last seen in March 2009 (when the S&P500 was 20% lower than it is currently) and markets saw a broad sell-off across most asset classes. Credit spreads widened the most in a single month since 2008, high yield markets were down more than 4% and the S&P500 fell 8.0%, the worst monthly performance for the index since February 2009. The S&P500 gave up all year-to-date gains. Prices for oil and copper hit bear market territory (down 20% from recent highs) while gold hit an all-time high.

Events in Europe were the focus of market action in May. Despite the Greek rescue package being approved early in the month, the lack of clarity on how the broader crisis would be resolved caused a sell-off in stock markets as well as in high yield credit. The sovereign concerns spread beyond Greece as the rescue package was increased to €750 billion and expanded to cover additional European sovereigns. During the month, Spain's credit rating was downgraded by Fitch, and Spain, Portugal and Italy announced programs to increase tax and reduce government spending in an attempt to pay off their US$120 billion total debt which is due to be refinanced each year through to 2014. Not surprisingly, the Euro weakened over the month, falling 7% to its lowest point since 2006.

Over the past two months we have commented on the surprisingly strong high yield markets and record high new issuance of non-investment grade bonds. This buoyant market came to a near standstill in May with only $7 billion worth of new deals being done, compared to US$34 billion in April.

Performance Commentary

EAIT's estimated performance for the month was -1.55%, bringing its 2010 year to date return to +3.77% and its rolling 12 month return to +11.6%.

Many of the better contributors to 2010 performance lost ground in May amid the market weakness. ESL, a concentrated equity manager and the fund's third largest position returned negative 9.7% in May as its key holding, Sears, fell 27%, although is still up year to date. The fund's largest position Drawbridge was a positive contributor in the month with its direct lending and asset backed strategy largely stable despite the volatile markets. TCI, a long/short equity manager, had a disappointing month returning negative 9.4% in May. Like ESL, TCI run a relatively concentrated investment strategy and suffered in May as their major position, Visa (approximately 30% of the fund), fell 19.7%. The credit card company, together with the other three major credit card issuers, fell after news of a potential US Senate vote to limit credit and debit card fees – Visa shares were down 18.2% on the day of announcement alone. Visa shares have rallied somewhat in June.

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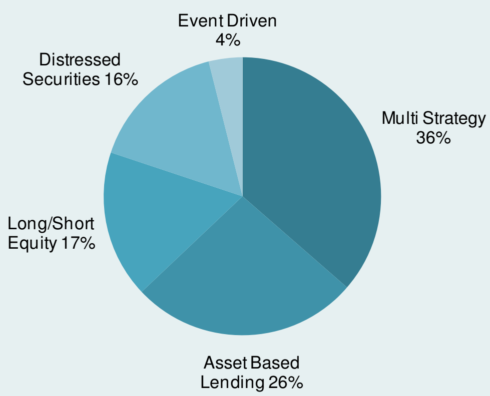
Exposure Summary

By Strategy



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.

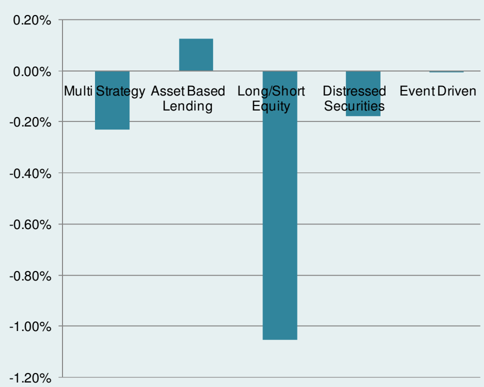
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

By Investment Manager (top seven managers)

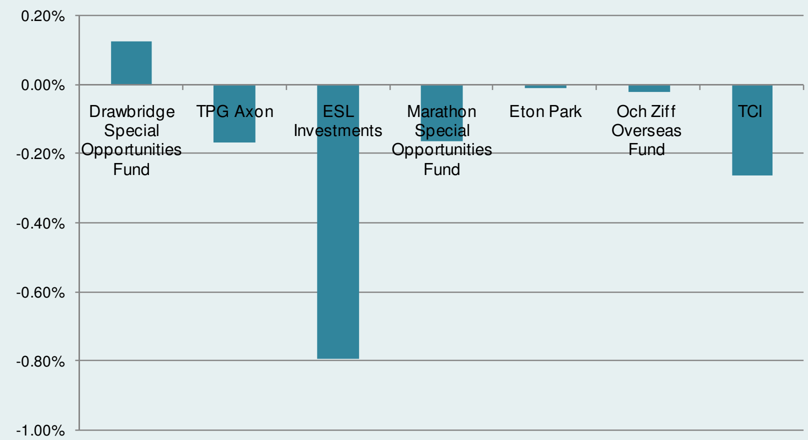
Fund	Strategy	Weight
Drawbridge Special Opportunities Fund	Asset Based Lending	17.1%
TPG Axon	Multi Strategy	9.0%
ESL Investments	Long Biased Equity	8.1%
Marathon Special Opportunities Fund	Distressed Securities	6.1%
Eton Park	Multi Strategy	3.0%
Och Ziff Overseas Fund	Multi Strategy	3.0%
TCI	Long/Short Equity	2.8%
Total		**49.1%**

Monthly Performance Contribution

By Strategy



By Investment Manager (top seven contributors)



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