August 2009

EVERESTALTERNATIVE INVESTMENT TRUST

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 2009

Estimated monthly return[1]	1.59%
NTA as at 31 August 2009[1,2]	$2.10
Leverage ratio [3]	31%
Distribution for 30 June 2009	7.6 cents

Investment manager summary

Positive return	27
Negative return	4
Largest allocation	16.4%
Smallest allocation	0.1%

Early Withdrawal Offer

Everest as responsible entity of EAIT is pleased to confirm the completion of the Early Withdrawal Offer. Participating unitholders will have recently received confirmation of payment and details of their new EAIT holding.

Fund NTA returns (net)[2]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Year**
2009[1]	-2.97%[4]	0.00%	-0.44%	0.44%	1.75%	*1.97%[6]*	*0.23%*	*1.59%*					***2.51%***
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%[5]	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 Gross Debt / Gross Assets
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 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%.
6 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.

EAIT performance versus market benchmarks as at 31 August 2009

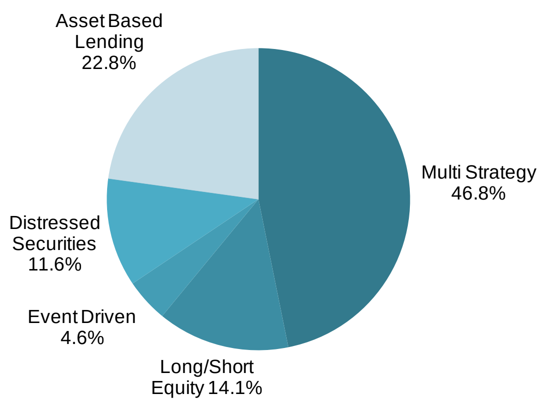
	August 2009	**Calendar YTD**	**Rolling 12 months**	**Since Inception [1]**	**Annualised Rate of Return Since Inception**
EAIT[2]	1.59%[5]	2.51%[5]	-33.90%[5]	-20.79%[5]	-5.14%[5]
HFRX Global Hedge Fund Index	1.25%	8.59%	-12.22%	-1.48%	-0.34%
MSCI World Index[3]	3.72%	16.73%	-17.36%	-0.24%	-0.05%
S&P 500[4]	3.61%	14.97%	-18.25%	-5.13%	-1.19%

1 Cumulative since inception performance not annualised and assumes all distributions are reinvested. 2 On 29 January 2009, the portfolio was split proportionately between EAIT and EBI; accordingly historical performance figures before that date are for EBI. 3 Refers to The MSCI World net index, local currency. 4 Refers to S&P 500 Total Return Index. 5 Performance numbers from the 1 June 2009 represent absolute return fund portfolio performance only

EVERST
ALTERNATIVE INVESTMENT TRUST

EAIT Analysis

Investment strategy exposure (excluding cash)*

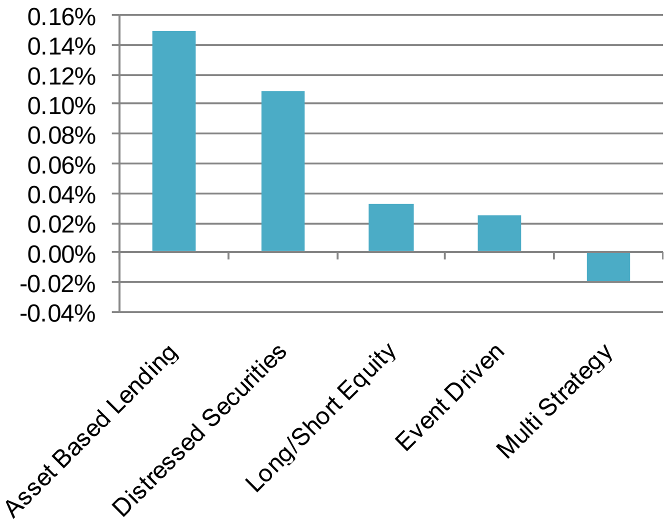


* Exposure numbers may not total exactly due to rounding. Based on the gross value of the Investment Portfolio. Does not include impact of FX, interest rate or equity hedges. The exposure chart shows the actively managed allocations of the Trust.

The investment strategy exposures are shown net of cash. As at the date of this report there was approximately US$ 43 million cash in EAIT, prior to the payment of the 30 June 2009 Distribution and the Early Withdrawal Offers. It is our intention to use the cash to cover potential FX liabilities, investor withdrawals and progressively reduce the leverage of EAIT over the medium term.

Investment strategy and exposure data as at the first business day of the following month.

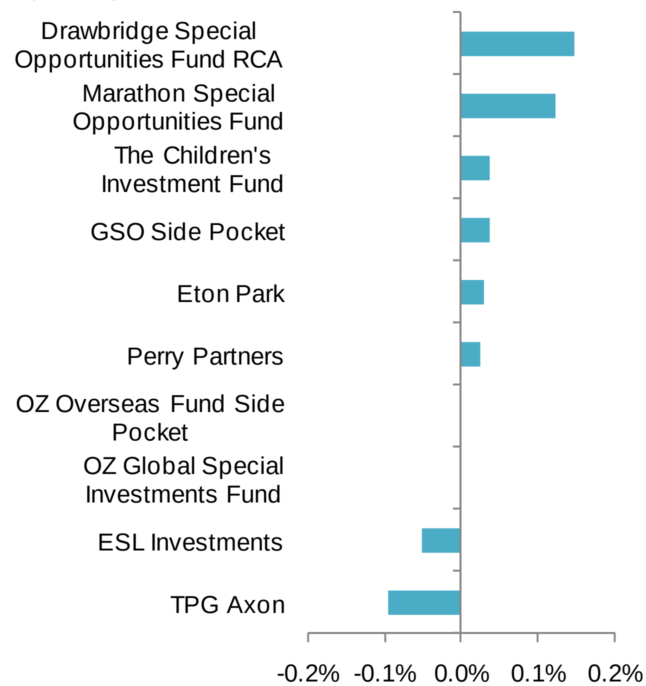
Contribution by investment strategy



Top ten exposures*

Fund	Strategy	Weight
TPG Axon	Multi Strategy	16.4%
Drawbridge Special Opportunities	Asset Based Lending	14.5%
ESL Investments	Long Biased Equity	4.7%
Marathon Special Opportunities	Distressed Securities	3.0%
TCI	Long/Short Equity	2.6%
Och Ziff Global Special Situations	Multi Strategy	2.5%
Eton Park	Multi Strategy	2.0%
Perry Partners	Event Driven	1.8%
Och Ziff Overseas Fund	Multi Strategy	1.6%
Cerberus International	Distressed Securities	1.4%
Total		**50.6%**

Top ten gross contributions for the month



Market Commentary

Globally, markets continued their upward trend in August, with the MSCI World index returning 4.17% for the month. This was primarily driven by the continued positive macroeconomic data, particularly out of Europe and Japan and the continued liquidity being provided by central bank and government intervention.

The US recorded more positive economic news, which included a better-than-expected jobs report (job losses fell to their lowest level in nearly a year), a jump in automobile sales as a result of the cash for clunkers program, signs of improvement in the housing market and increasing manufacturing activity. On the back of this, US equity markets gained 3.6% (S&P 500) for the month. Markets also reacted favourably to the reappointment of Ben Bernanke as Federal Reserve Chairman.

In fixed income markets, August saw the prices of the most traded European and US leveraged loans reach their highest levels in twelve months. US yields rose early in the month on speculation that the economy was recovering and as capital shifted from debt to equity, but fell by the end of the month as investors reverted to safe haven buying. High yield bond issuance and amendment/maturity extension (companies refinancing and/or renegotiating existing debt) activity remains strong. The Merrill Lynch High Yield Master II Index (high yield bond index) was up 2.0% for the month.

The USD strengthened at the start of the month on the back of better than expected US jobs data, but generally fell against other major currencies throughout the remainder of the month.

Fund Commentary

The underlying EAIT investment portfolio returned 0.33% for the month reflecting positive performances from improved market conditions.

EAIT's total performance for the month was improved by the impact of the discount applied to the Early Withdrawal Offer. This uplift in NTA contributed 1.13% to the August's performance, as unitholders benefited from the accretion to NTA.

Performance Commentary

During the month, the most significant performance came from EAIT's allocation to Asset Based Lending (22.8% of the portfolio) and Distressed Securities investment managers (11.6% of the portfolio).

EAIT's distressed securities investment managers benefited from their investments across the credit spectrum, with broad-based gains across strategies ranging from trading basis (the spread between cash and synthetic bonds) and investment grade credits, to deeply distressed debt restructurings. With the fundamental economic stabilisation and improved market liquidity and confidence producing tighter credit spreads, some of our distressed securities investment managers have cautiously reweighted their portfolios from a larger than historical weighting in investment grade credit (generally lower risk) towards more distressed situations and selective high yield credit exposure. The major sectors within investment managers' distressed activities have included banking, insurance, chemicals, and autos. These distressed and restructuring opportunities entail diverse value-creation strategies resulting from a thorough understanding of the underlying industry, company, and capital structure, plus the ability to strategise and negotiate with management, lenders, and restructuring advisors.

Distressed investment managers believe that regardless of the general economic tone and eventual recovery, many companies will remain under severe pressure, especially among the enormous pool of leveraged credits, limited credit availability, and wealth destruction (the S&P 500 is still down 20% from last year). Consumer savings rates are steadily above 4%, the highest sustained level in ten years. As with consumers, deleveraging is still required by financial institutions, especially due to the impact of residential mortgage defaults and an increasing number of defaulting corporate loans and commercial mortgages, which managers believe will continue to provide attractive investment opportunities.

The Fund has requested full redemptions from the asset based lending manager and are in the process of receiving redemption amounts on a periodic basis. In the past, it had been the investment manager's practice to pay almost 100% of redemption amounts in a timely single payment. However, at the end of 2008, the investment manager received larger than anticipated redemption requests and elected to pay redemptions on a staggered basis as underlying loans mature and investments are sold. A consequence of this slow repayment schedule is an increase in the relative size of the asset based lending strategy as a proportion of overall portfolio size as redemptions from other investment managers are received and capital is selectively redeployed into investment managers which we believe are better positioned in the current environment.

In the interim, the investment manager continues to actively manage the asset based lending portfolio. The investment manager has been increasing the interest rates for those borrowers who cannot refinance or repay their loans. In addition, the investment manager was able to increase the pricing of its loans by replacing investments with lower yields with those with higher yields, a trend they expect to continue for the rest of the year.

The Fund's largest multi strategy investment manager (16.4% of the portfolio) suffered from losses in positions related to China and capital goods investments. The investment manager had reduced its exposure to China in July 2009, driven by concerns about the increased frothiness in Asian markets (particularly China). However, during the month remaining investments in Chinese property companies significantly underperformed as Chinese equity markets fell, the Shanghai Composite Index declined by 22% over the month. Capital goods positions were also negative contributors, driven largely by the strong outperformance of a automotive manufacturer that the investment manager has a short position in. This outperformance was largely driven by market factors, rather than company specific fundamental factors.

Fund Updates

Completion of the EAIT Early Withdrawal Offer

Everest as responsible entity of EAIT is pleased to confirm the completion of the Early Withdrawal Offer. Participating unitholders will have recently received confirmation of payment and new holding details.

Repayment of Debt

During August 2009, EAIT repaid a further $US 10 million of debt, brining the total debt repaid, over the last two months to $US 70 million. Following the August 2009 debt reduction, the EAIT portfolio is currently geared to approximately 31% on a gross basis (prior to the impact of the Early Withdrawal Offer and June 2009 Distribution) and it is intended that the Fund will continue to reduce its leverage. The current levels of gearing, and the resulting restrictions imposed by the Leverage Facility Provider limit the amount of rebalancing of exposures within the portfolio. We expect to have greater flexibility to make active allocation decisions once the deleveraging process is completed.

Currency Update

The net currency exposures associated with EAIT continue to be hedged back into Australian dollars.

Contact us
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